

DEPARTMENT OF FINANCE

Departmental Program Structure and Outcome Measures

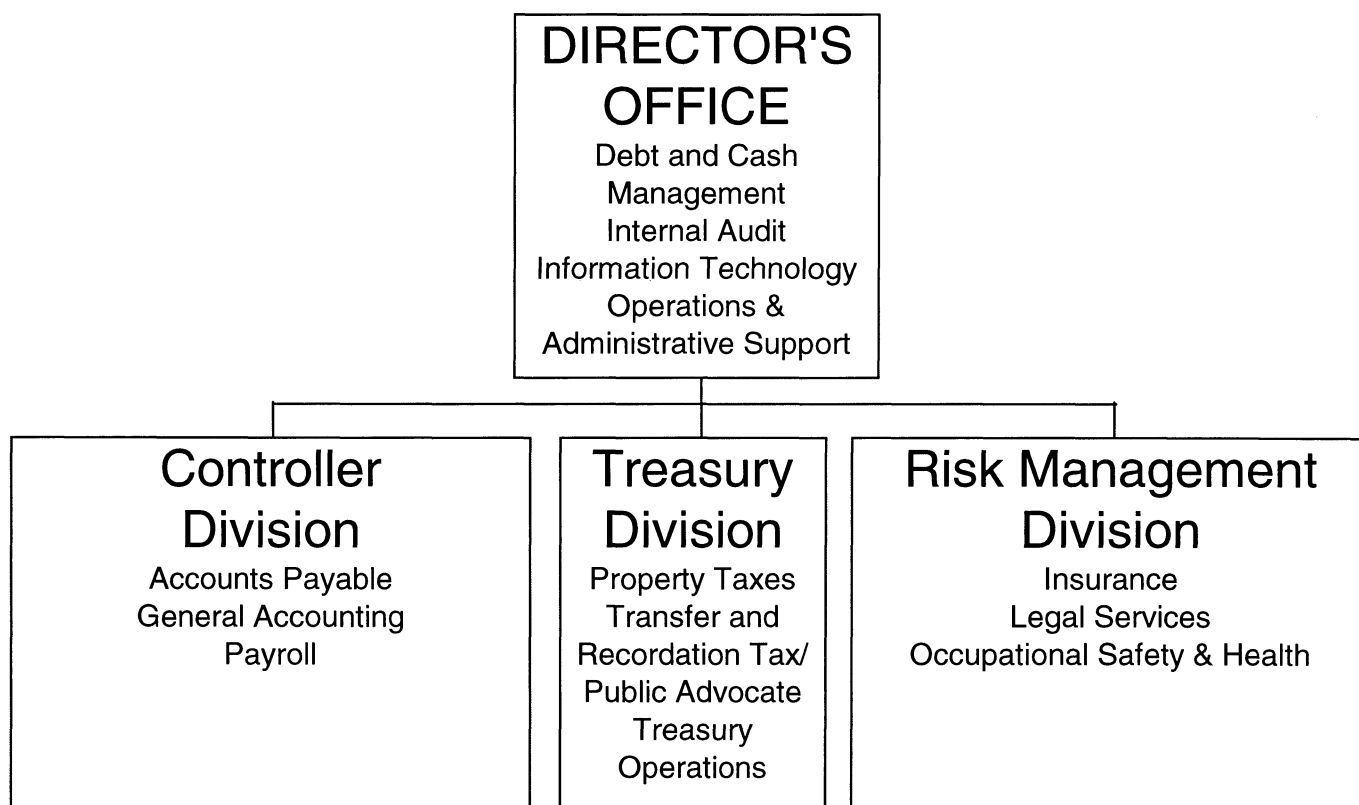
Mission

To prudently manage financial operations, recommend and implement sound fiscal policies, safeguard public assets, and encourage a safe environment on public property.

Guiding Principles

The Department accomplishes its mission and achieves its vision by adopting the County's Vision Statement and Guiding Principles as its own and by:

- Adhering to the highest professional standards
- Promoting employee growth and development
- Being timely
- Providing thorough, accurate, objective analysis
- Being proactive
- Practicing organization loyalty



DEPARTMENTAL OUTCOMES	FY01 ACTUAL	FY02 ACTUAL	FY03 ACTUAL	FY04 BUDGET	FY04 ACTUAL	FY05 APPROVED
Bond rating by three rating agencies ^a	AAA	AAA	AAA	AAA	AAA	AAA
Certificate of Achievement for Excellence in Financial Reporting ^b	Yes	Yes	Yes	b	b	b

Notes:

^aAAA bond rating from Standard and Poor's and Fitch, Inc.; Aaa from Moody's Investor Service, Inc.

^bContinuing practices are necessary to qualify for the Government Finance Officers Association (GFOA) Certificate of Achievement. Montgomery County has been awarded this certificate 34 times, more than any other county.

FINANCE

PROGRAM:

Accounts Payable

PROGRAM ELEMENT:
PROGRAM MISSION:

To facilitate timely and accurate payments to vendors for goods and services provided to the County, ensure compliance with County policies and procedures, and effectively carry out State and Federal reporting requirements

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY01 ACTUAL	FY02 ACTUAL	FY03 ACTUAL	FY04 BUDGET	FY04 ACTUAL	FY05 APPROVED
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Outcomes/Results:

Ratio of all County checks to checks returned as undeliverable	163:1	142:1	178:1	142:1	178:1	161:1
Ratio of Accounts Payable checks to checks returned as undeliverable ^a	NA	1,304:1	1,229:1	1,304:1	2,856:1	1,270:1

Service Quality:

Ratio of all County successful payments to stop payments processed	330:1	201:1	178:1	201:1	233:1	237:1
Percentage of all payments processed within 28 days of receipt of invoice ^b	NA	93	91	93	92	92
Percentage of Accounts Payable payments (\$5,000+) processed within 7 days of receipt in Accounts Payable ^b	98	89	100	100	100	100

Efficiency:

Accounts Payable payments issued per program workyear ^a	NA	3,971	4,030	4,030	4,328	4,030
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Workload/Outputs:

Number of payments issued (000) ^{a,c}	164	150	145	150	147	140
Number of payments issued by Accounts Payable (000) ^{a,c}	NA	27	27	27	29	27

Inputs:

Personnel expenditures (\$000) ^d	357	391	376	391	362	380
Workyears ^d	6.6	6.8	6.7	6.7	6.7	6.7

Notes:

^aBecause of the County's decentralized accounts payable system, information has historically not been available on the number of payments processed by Finance's Accounts Payable staff. Beginning with the FY02 actuals, reports developed in cooperation with the Office of Procurement are able to provide information on payments processed by departments only (under \$5,000) and those processed by Finance's Accounts Payable staff.

^bFor FY01, this percentage is based on a target of three days, using estimates provided by staff. For FY02 - FY05, the more accurate reports referenced in footnote (a) provide actual data, as opposed to estimates, on a weekly basis.

^cIncludes investment transactions. Implementation of Procurement Cards (PCard) in FY00 reduced the number of payments by 5,200 in FY02, by 9,600 in FY03, and by 11,871 in FY04. However, staff must be available to provide technical assistance and audit services.

^dOperating expenses are included under Administration. FY01 - FY05 reflect budgeted workyears.

EXPLANATION:

The accounts payable process within Montgomery County is decentralized. Payments to vendors are initiated and approved by individual departments. Accounts Payable staff are responsible for review and final approval of all payments of \$5,000 or more. Payments under \$5,000 are either individually reviewed and approved or subject to post-payment audits.

The Accounts Payable Program works to limit the number of returned checks, in partnership with departments. Sometimes checks that are undeliverable due to incorrect addresses or other problems must be stopped so they will not be inappropriately cashed. While some improvements have been made in reducing the number of checks returned as undeliverable, the ratio of successfully issued checks to stop payments has fluctuated.

PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: County departments, vendors.

MAJOR RELATED PLANS AND GUIDELINES:

FINANCE

PROGRAM:

Debt and Cash Management

PROGRAM ELEMENT:
PROGRAM MISSION:

To maintain the County's AAA General Obligation Bond debt rating by managing timely short- and long-term debt issues and managing the County's working capital investment portfolio within its approved investment policy; developing and maintaining strong agency and banking/investor relations; preparing accurate and timely financing documents, including the County's Annual Information Statement; ensuring strict compliance with disclosure requirements; coordinating bond counsel review; and providing high-quality consulting services for County agencies, managers, staff, elected officials, the press, and citizens on issues related to debt and cash management

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY01 ACTUAL	FY02 ACTUAL	FY03 ACTUAL	FY04 BUDGET	FY04 ACTUAL	FY05 APPROVED
Outcomes/Results:						
Bond rating by three rating agencies ^a	AAA	AAA	AAA	AAA	AAA	AAA
Average rate of return on County investments (%)	6.20	2.60	1.59	2.25	1.13	2.30
Difference between the County's rate of return and the industry benchmark (basis points) ^b	+60	+63	+61	+50	+53	+50
Interest earned on pooled investments (\$000)	49,500	20,707	11,095	18,800	6,412	15,980
Service Quality:						
Efficiency:						
Program costs as a percentage of total financing proceeds	0.08	0.04	0.05	0.13	0.08	0.10
Workload/Outputs:						
Development districts administered	1	2	2	2	2	2
Development district financings	0	1	0	3	0	3
Conduit financings	0	4	1	2	3	5
Master lease financings	0	0	3	3	0	3
Other debt or lease financings	3	8	9	6	6	5
Total proceeds from financings (\$ millions)	299.6	776.6	782.4	379.9	496.4	540.1
County direct debt outstanding (\$ millions) ^c	1,370.8	1,455.8	1,490.9	NA	1,552.0	NA
Inputs:						
Personnel expenditures (\$000) ^d	253	275	414	498	413	514
Workyears ^d	3.0	2.9	4.9	4.8	4.8	4.8

Notes:

^aAAA bond rating from Standard and Poor's and Fitch, Inc.; Aaa from Moody's Investor Service, Inc.

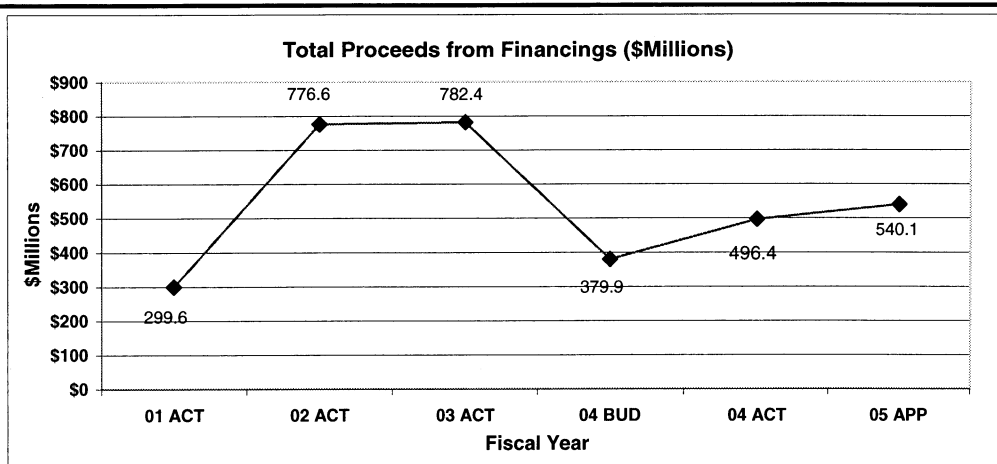
^b100 basis points is equal to 1 percent.

^cAs of June 30 of the fiscal year. Debt outstanding is difficult to estimate due to volatility in expected financing schedules.

^dOperating expenses are included under Administration. Expenditures and workyears for FY01 and FY02 were shifted from the Financial and Economic Analysis Program. The increase in FY03 reflects the merger of debt management with the cash management function transferred from Treasury Operations. FY01 - FY05 reflect budgeted workyears.

EXPLANATION:

The Debt and Cash Management Program manages the County's short-term working capital investment portfolio and arranges for the timely and cost effective issuance of short- and long-term debt. The ability to manage risk and maximize investment yield is paramount to this program. The ability to raise capital through short- and long-term financing for infrastructure and other public purposes - spreading the costs over the useful life of the infrastructure - is indicative of sound fiscal policy. The achievement of the AAA bond rating from the three major bond rating agencies ensures the lowest cost possible for the County's debt.



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: Office of Management and Budget; Office of the County Attorney; County Council and staff; program departments; bond counsel; financial advisors.

MAJOR RELATED PLANS AND GUIDELINES: Montgomery County Code; Approved Capital Improvements Program.

FINANCE

PROGRAM:

General Accounting

PROGRAM ELEMENT:
PROGRAM MISSION:

To provide timely and professional analysis, interpretation, and presentation of the County's financial position through financial reporting and oversight

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY01 ACTUAL	FY02 ACTUAL	FY03 ACTUAL	FY04 BUDGET	FY04 ACTUAL	FY05 APPROVED
Outcomes/Results:						
Certificate of Achievement for Excellence in Financial Reporting ^a	Yes	Yes	Yes	a	a	a
Service Quality:						
Number of audit adjustments required by outside auditor	0	0	0	0	0	0
Business days to close fiscal year accounts ^b	81	82	116	82	91	85
Efficiency:						
Percentage of program workyears needed to produce the Comprehensive Annual Financial Report ^b	26.7	31.1	27.6	29.2	21.6	26.3
Journal entries reviewed and posted per workyear ^c	497	427	422	392	391	398
Workload/Outputs:						
Number of grant reports produced	842	853	885	850	972	988
Number of payment vouchers prepared	NA	NA	NA	NA	5,159	5,100
Number of journal entries prepared	2,649	2,951	2,640	3,000	2,693	2,700
Number of journal entries reviewed and posted ^c	7,462	6,875	6,876	6,700	6,692	6,800
Inputs:						
Personnel expenditures (\$000) ^d	910	1,146	1,202	1,403	1,416	1,502
Workyears	15.0	16.1	16.3	17.1	17.1	17.1
Personnel costs to produce the Comprehensive Annual Financial Report (\$000) ^{b,d}	281	399	363	385	321	395
Workyears to produce the Comprehensive Annual Financial Report ^b	4.0	5.0	4.5	5.0	3.7	4.5

Notes:

^aThe County is continuing practices necessary to qualify for the Government Finance Officers Association (GFOA) Certificate of Achievement. The County has been awarded this certificate more than any other county in the nation (34 times with the most recent award for the FY03 Comprehensive Annual Financial Report).

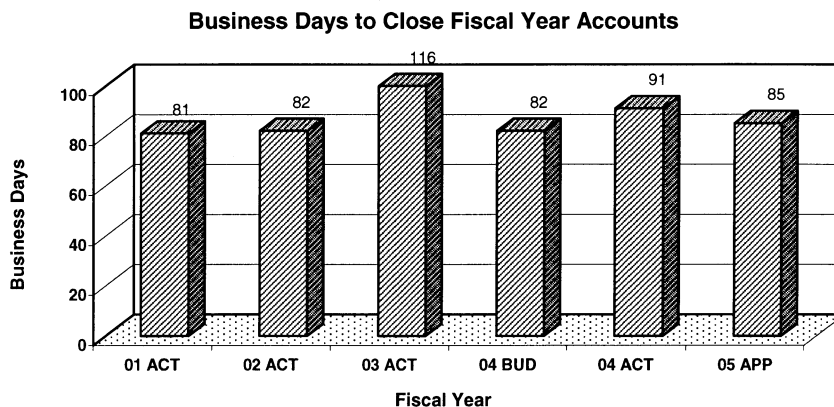
^bFY01 through FY05 actuals/projections reflect an increased effort to produce the Comprehensive Annual Financial Report, based on the actual and anticipated levels of effort needed to implement and comply with new accounting standards, including GASB 33 through 38. Although the ongoing efforts associated with the new standards have affected the number of days to close following the end of the fiscal year, staffing and procedural adjustments are being made to minimize such impacts.

^cBeginning with the FY02 actuals, data on posted journal entries are derived directly from the FAMIS financial management system. The new data collection method is more accurate and has removed any possibility for error that may have existed under the previous manual process. The lower number of journal entries reviewed beginning in FY02 is due to the use of the more accurate data collection method.

^dOperating expenses are included under Administration.

EXPLANATION:

The number of business days to "close" a fiscal year is a benchmark in the accounting field. The financial reporting changes required in connection with Governmental Accounting Standards Board (GASB) Statements No. 33 through 38 have affected the number of days to close following the end of the fiscal year. Staffing adjustments have been made to minimize the impact on the number of days required to close.



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: County departments and agencies.

MAJOR RELATED PLANS AND GUIDELINES: Generally Accepted Accounting Principles, Governmental Accounting Standards Board pronouncements.

FINANCE

PROGRAM:

Insurance

PROGRAM ELEMENT:

Contract Review

PROGRAM MISSION:

To provide timely review of proposed contracts for the provision of services to the County, and to ensure that County contractors have sufficient insurance coverage so that the County is not unnecessarily exposed to potential liability and financial risk

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY01 ACTUAL	FY02 ACTUAL	FY03 ACTUAL	FY04 BUDGET	FY04 ACTUAL	FY05 APPROVED
Outcomes/Results:						
Percentage of proposed contracts reviewed and certified for adequate insurance coverage	100	100	100	100	100	100
Service Quality:						
Percentage of contracts reviewed within 4 business days	100	100	99	100	100	100
Efficiency:						
Number of contracts reviewed per workyear ^a	4,673	3,080	2,823	4,048	3,051	3,190
Workload/Outputs:						
Number of contracts reviewed ^a	9,814	6,468	5,929	8,500	6,407	6,700
Inputs:						
Expenditures (\$000)	112	94	125	131	131	139
Workyears ^b	2.1	2.1	2.1	2.1	2.1	2.1

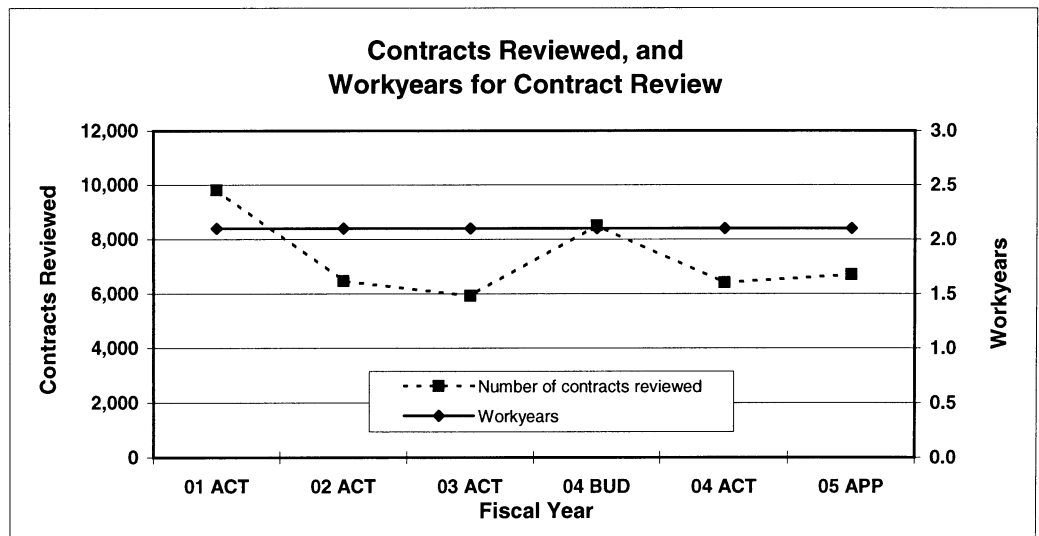
Notes:

^aThe number of contracts reviewed in FY01 from August to October 2000 increased by 50 percent over historical patterns due in large part to contracts for the Silver Spring Redevelopment Project and the Montgomery County Correctional Facility. In FY02 - FY04, the actual number of contracts reviewed reverted to a more consistent historical pattern. The number of contracts reviewed is contingent upon the number of contracts processed by the Office of Procurement (90%) and by other departments (10%). This number will continue to be monitored.

^bFY01 - FY05 reflect budgeted workyears.

EXPLANATION:

Proposed County contracts are reviewed by Risk Management staff to ensure that contractors and grantees have sufficient insurance coverage and that the County will not be exposed to potential liability and financial risk. Staffing was increased in FY01, which allowed managerial staff to focus on strategic and supervisory functions while ensuring that the growing number of contracts could still be reviewed within the target of four working days.



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: County Attorney, Procurement, County departments and agencies.

MAJOR RELATED PLANS AND GUIDELINES:

FINANCE

PROGRAM:

Internal Audit

PROGRAM ELEMENT:
PROGRAM MISSION:

Provide accurate, independent, useful information and thorough audit services to assist Executive Branch managers in the effective discharge of their responsibilities

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY01 ACTUAL	FY02 ACTUAL	FY03 ACTUAL	FY04 BUDGET	FY04 ACTUAL	FY05 APPROVED
Outcomes/Results:						
Percentage of recommendations fully implemented ^a	65	71	53	66	72	66
Percentage of recommendations in the process of implementation by the organization audited ^a	28	9	31	30	19	30
Service Quality:						
Efficiency:						
Audits per workyear	2.6	2.1	2.5	3.4	3.7	3.4
Workload/Outputs:						
Total audits completed (contract and staff)	13	10	12	13	14	13
Audits conducted for, and funded by, other departments	3	5	5	NA	5	NA
Outsourced audits completed	8	8	11	4	12	4
Average cost of outsourced audits (\$)	22,780	29,523	23,868	30,300	20,891	30,300
Average cost of audits funded by other departments (\$) ^b	43,590	40,176	19,053	NA	31,765	NA
Average contractor hours per outsourced audit ^b	613	357	302	NA	205	NA
Mandated audits (State requirements or needed for accreditation)	5	4	6	NA	8	NA
Inputs:						
Total budgeted expenditures (\$000) ^b	539	224	490	514	562	576
Total workyears ^b	5.0	4.8	4.8	3.8	3.8	3.8
Budget for outsourced audits (\$000) ^b	161	111	91	108	108	108
Expenditures for audits funded by other departments (\$000)	131	200	95	NA	159	NA

Notes:

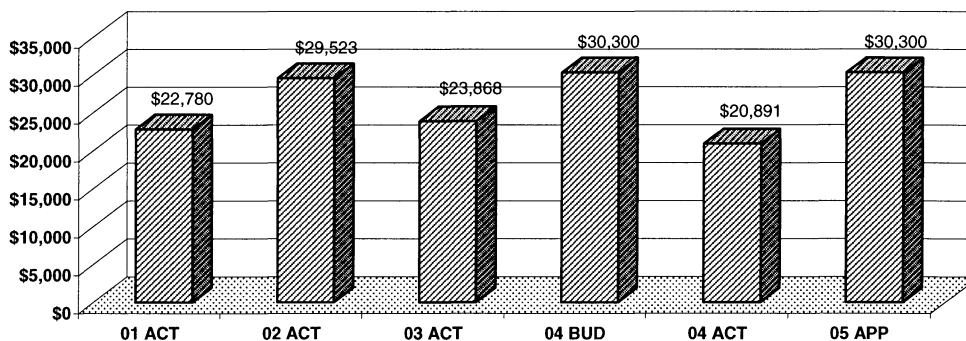
^aThe FY01, FY02, FY03, and FY04 actuals are based on follow-ups of 46, 35, 19, and 78 recommendations agreed to by the auditees in FY01, FY02, FY03, and FY04, respectively.

^bBudget figures rather than expenditures are shown in order to provide resource comparisons without conflicting information from carryover appropriations. Budget numbers for audits funded by other departments are not projected since requests for such audits are received throughout the fiscal year. Average contractor hours cannot be estimated because the scope and complexity of most non-recurring audits can only be determined after preliminary audit planning. FY01 - FY05 reflect budgeted workyears. FY04 workyears decreased due to the abolishment of an auditor position.

EXPLANATION:

Internal Audit uses the services of outside auditors to maximize productivity. Three types of audit services are outsourced: performance, IT, and fiscal/contract audits. The size and complexity of outsourced audits is increasing, along with the average hourly cost.

Average Cost of Outsourced Audits



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: Outside auditors, County departments.

MAJOR RELATED PLANS AND GUIDELINES: Federal and Maryland State rules and regulations; Government Accounting, Auditing, Financial Reporting; Federally Accepted Government Auditing Standards; Generally Accepted Auditing Standards; American Institute of Certified Public Accountants industry guide; Federal Information Systems Controls Audit Manual.

FINANCE

PROGRAM:

Occupational Safety and Health

PROGRAM ELEMENT:
PROGRAM MISSION:

To provide timely and accurate reports to the State regulatory agency on safety and health issues, and to promote a safe and healthy work environment for County employees, volunteers, and visitors

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY01 ACTUAL	FY02 ACTUAL	FY03 ACTUAL	FY04 BUDGET	FY04 ACTUAL	FY05 APPROVED
Outcomes/Results:						
Number of cases resulting in lost time from work ^a	479	478	464	455	388	460
Worker's Compensation cost per \$100 of payroll (\$) ^a	1.13	1.07	1.16	1.32	1.32	1.50
Service Quality:						
Average overall rating for staff-conducted classes (1-poor, 5-excellent)	4.5	4.7	4.6	4.5	4.7	4.6
Average overall rating for consultant-conducted classes (1-poor, 5-excellent)	4.5	4.5	4.6	4.5	4.6	4.6
Percentage of State reports delivered on time	100	100	100	100	100	100
Efficiency:						
Training classes conducted per Safety and Health Specialist	50.0	51.7	51.0	50.0	50.7	50.0
Self-inspection reports reviewed per Safety and Health Specialist	96.7	96.7	64.0	90.0	63.3	63.3
Workload/Outputs:						
Total cost of Worker's Compensation claims paid (\$ million)	6.7	7.4	5.2	5.5	6.7	6.4
Training classes conducted	150	155	153	150	152	150
Self-inspection reports reviewed ^b	290	290	192	270	190	190
Inputs:						
Expenditures (\$000)	370	337	388	511	416	525
Total workyears ^c	5.0	5.0	5.0	5.0	5.0	5.0
Workyears for Safety and Health Specialists ^c	3.0	3.0	3.0	3.0	3.0	3.0

Notes:

^aCounty Government only; does not include outside agency participants. Recording the number of cases with lost time helps to focus loss prevention and control activities on departments with a high frequency and severity of claims. Worker's Compensation cost per \$100 is an industry benchmark based on estimates by the County's actuary, which are received annually.

^bBeginning with the FY03 actual, the number of reports sent out has been consolidated. The same population is still represented; however, only a single point of contact is used for filling out the information, therefore reducing the paperwork and duplicative effort.

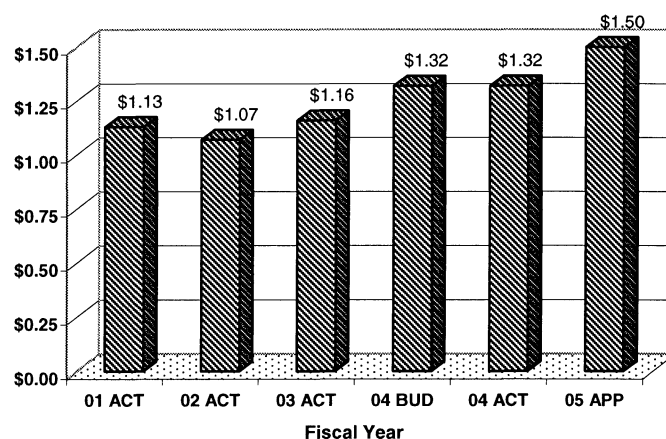
^cFY01 - FY05 reflect budgeted workyears.

EXPLANATION:

This program supports a safe work environment for County employees. Limiting the cost of Worker's Compensation claims may, in part, be an indication that the work environment is becoming safer. While other factors can also impact the cost of Worker's Compensation claims, offering safety training classes and reviewing self-inspection programs may prevent accidents before they occur.

The above data show that while the number of "lost time" claims in FY04 was down 16% from FY03, the cost of Workers' Compensation is increasing due to the severity of the claims. (Claims severity impacts the cost of Workers' Compensation per \$100 of payroll.) Severity is increasing due to medical inflation and increasingly higher awards of compensation granted by the Maryland Workers' Compensation Commission, especially for public safety employees.

Worker's Compensation Cost Per \$100 of Payroll



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: County Attorney, other County departments and participating agencies.

MAJOR RELATED PLANS AND GUIDELINES:

FINANCE

PROGRAM:

Payroll

PROGRAM ELEMENT:
PROGRAM MISSION:

To provide timely, accurate, and efficient management and maintenance of the County's payroll systems and functions as prescribed by Federal, State, and County laws and local regulations

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY01 ACTUAL	FY02 ACTUAL	FY03 ACTUAL	FY04 BUDGET	FY04 ACTUAL	FY05 APPROVED
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Outcomes/Results:

Percentage of paychecks delivered by direct deposit	75.9	77.5	80.4	82.0	82.0	85.0
Regular County employees	NA	NA	87.7	90.0	88.7	92.0
Temporary County employees	NA	NA	32.4	33.0	36.7	35.0

Service Quality:

Percentage of paychecks that are accurate and timely ^a	97.8	98.0	98.2	98.0	98.8	98.0
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Efficiency:

Number of employees paid per program workyear	1,358	1,415	1,466	1,457	1,461	1,457
Annual cost per employee paid (\$) ^b	46.03	38.05	38.35	40.23	46.44	46.93
Average cost per paycheck/advice issued (\$) ^{b,c}	1.70	1.46	1.48	1.55	1.79	1.80

Workload/Outputs:

Number of paychecks/advices processed (000) ^c	249.3	250.1	251.6	250.0	250.7	250.0
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Inputs:

Personnel expenditures (\$000) ^b	425	366	371	387	448	451
Workyears ^b	6.8	6.8	6.6	6.6	6.6	6.6

Notes:

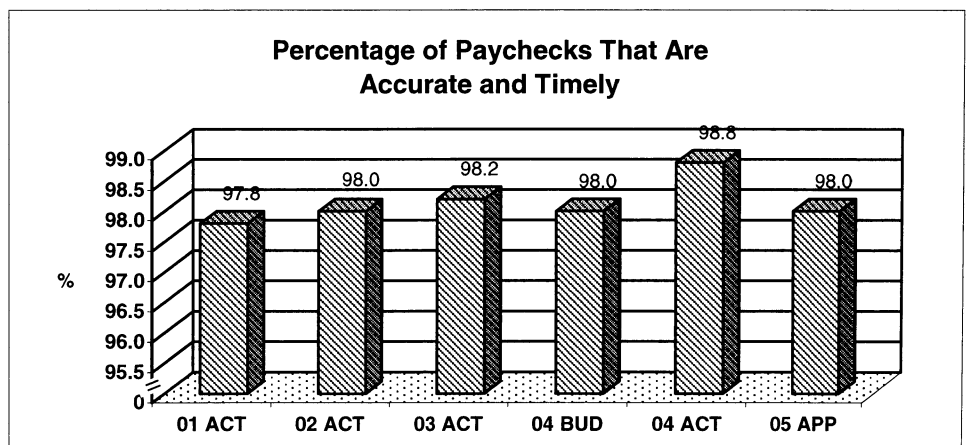
^aBased on the percentage of paychecks that do not require reissuing or amending. Errors result from employee or departmental mistakes on time sheets, late Personnel Action Forms that require pay adjustments, and occasionally from payroll errors (e.g., deductions).

^bOperating expenses are included under Administration. FY01 - FY05 reflect budgeted workyears.

^cThere were 27 pay periods in FY01, rather than the usual 26, so the number of paychecks/advices increased accordingly. The number of FY02 paychecks/advices processed was about the same level as FY01, even though there was one less pay period. This was due to a 2% increase in County Government workyears in FY02. The number of paychecks/advices processed increased slightly in FY03 and remained stable in FY04.

EXPLANATION:

Paychecks sometimes require adjustments or must be reissued. Such changes usually result from delays in departmental processing of paperwork or inaccurate addresses for mailing paychecks. The vast majority of paychecks and advices are accurate and received on time, as evidenced by the 98.8% rate achieved in FY04. Employees are provided prompt corrective services when paychecks are delayed or are not accurate.



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: Office of Human Resources, County departments and offices.

MAJOR RELATED PLANS AND GUIDELINES: Federal, State, and County laws; local regulations.

FINANCE

PROGRAM:		PROGRAM ELEMENT:																										
Property Taxes																												
PROGRAM MISSION:																												
To provide for the timely, accurate, and complete calculation, processing, and distribution of tax bills; timely collection of delinquent accounts; and prompt, courteous, and accurate information and responses to inquiries by taxpayers, the real estate industry, and business entities																												
COMMUNITY OUTCOMES SUPPORTED:																												
<ul style="list-style-type: none">• Ensure high value for tax dollars• Ensure accountability• Insist upon customer satisfaction																												
PROGRAM MEASURES		FY01 ACTUAL	FY02 ACTUAL	FY03 ACTUAL	FY04 BUDGET	FY04 ACTUAL	FY05 APPROVED																					
Outcomes/Results:																												
Percentage of tax liens for delinquent property taxes that were sold at tax sale		0.47	0.25	0.48	0.23	0.41	0.43																					
Service Quality:																												
Average time on hold waiting for an operator when making a telephone inquiry (minutes) ^a		4.4	4.8	1.2	5.0	1.0	1.0																					
Efficiency:																												
Property tax accounts billed per program workyear		24,161	23,592	23,732	24,014	24,085	26,136																					
Workload/Outputs:																												
Property tax accounts billed (000)		331	335	337	341	342	345																					
Personal		30	30	30	30	30	30																					
Real		301	305	307	311	312	315																					
Solid Waste Systems Benefit Charge		301	305	307	311	312	315																					
Parking Districts		6	6	6	6	6	6																					
Washington Suburban Sanitary Commission		96	97	98	99	98	100																					
Municipalities		55	56	58	59	58	60																					
Property tax revenues - all funds (\$000)		846,585	880,740	933,557	985,405	994,386	1,076,792																					
Number of tax liens for delinquent property taxes that were sold at tax sale		1,552	774	1,621	800	1,414	1,500																					
Operator-answered telephone inquiries (000) ^b		69	71	74	88	63	65																					
Inputs:																												
Personnel expenditures (\$000) ^c		756	805	836	904	913	935																					
Workyears ^c		13.7	14.2	14.2	14.2	14.2	13.2																					
Notes:																												
^a These figures do not reflect the fact that callers may receive a busy signal or may choose to terminate the call if the waiting time is unacceptable to them. In FY03, additional resources (staff and temporaries) with more experience were directed towards customer service and responding to telephone inquiries, thus significantly reducing the waiting time.																												
^b Enhanced Internet access to property tax information reduced the call volume beginning in FY01. In FY04, telephone inquiries were expected to increase by 19% from the FY03 actual, reflecting a proposed change in billing procedures. However, Council did not approve the proposal to discontinue mailing property tax bills to owners who pay their taxes through an escrow account.																												
^c Operating expenses are included under Administration. FY01 - FY05 reflect budgeted workyears. The FY05 expenditures and workyears are gross amounts that include new chargebacks to certain enterprise funds.																												
EXPLANATION:		Trends in Tax Inquiries and Staffing																										
This program is designed to inform and educate taxpayers regarding their property tax obligations and the County's property tax system in a timely, effective manner. Automated systems such as Interactive Voice Response (IVR) and the County's Finance Department web page are expected to continue to reduce the number of calls received, but the length of calls is expected to increase. It is possible that those callers that continue to make telephone contact may have more complex issues and questions, whereas automated systems such as IVR and the web are handling less complex issues.		<table><thead><tr><th>Fiscal Year</th><th>Operator-Answered Telephone Inquiries (000)</th><th>Workyears for Property Tax Program</th></tr></thead><tbody><tr><td>01 ACT</td><td>69</td><td>13.7</td></tr><tr><td>02 ACT</td><td>71</td><td>14.2</td></tr><tr><td>03 ACT</td><td>74</td><td>14.2</td></tr><tr><td>04 BUD</td><td>88</td><td>14.2</td></tr><tr><td>04 ACT</td><td>63</td><td>14.2</td></tr><tr><td>05 APP</td><td>65</td><td>13.2</td></tr></tbody></table>						Fiscal Year	Operator-Answered Telephone Inquiries (000)	Workyears for Property Tax Program	01 ACT	69	13.7	02 ACT	71	14.2	03 ACT	74	14.2	04 BUD	88	14.2	04 ACT	63	14.2	05 APP	65	13.2
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PROGRAM PARTNERS IN SUPPORT OF OUTCOMES:		State Department of Assessments and Taxation, municipal districts, County taxpayers and businesses.																										
MAJOR RELATED PLANS AND GUIDELINES:																												

FINANCE

PROGRAM:

Transfer and Recordation Tax/Public Advocate

PROGRAM ELEMENT:
PROGRAM MISSION:

To provide timely and accurate processing, calculation, and recording of real property transfers; collection of transfer and recordation taxes; independent review of State-determined property tax assessment valuations for fairness and accuracy; and proactive, effective appeals, when appropriate

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY01 ACTUAL	FY02 ACTUAL	FY03 ACTUAL	FY04 BUDGET	FY04 ACTUAL	FY05 APPROVED
Outcomes/Results:						
First-year revenue increase from successful Public Advocate appeals (\$000) ^a	2,451	1,225	1,096	400	224	440
Ratio of first-year appeal revenues to Transfer Tax/Public Advocate expenditures ^{a,d}	5.40:1	2.91:1	1.13:1	0.89:1	0.43:1	0.70:1
Service Quality:						
Estimated percentage of "simple" deeds processed within one day ^b	90.0	50.0	60.0	60.0	60.0	60.0
Efficiency:						
Transfer taxes collected per dollar of program expenditures (\$)	142	192	175	139	207	142
Transfer taxes collected per program workyear (\$000)	9,237	10,786	11,488	10,479	14,508	12,531
Recordation taxes collected per dollar of program expenditures (\$)	NA	100	175	139	207	142
Recordation taxes collected per program workyear (\$000)	NA	7,312	11,918	8,810	15,607	8,463
Workload/Outputs:						
Taxable transfer tax transactions	21,464	23,922	23,146	22,200	25,228	22,500
Non-taxable transfer tax transactions	6,500	10,641	12,549	8,240	11,343	10,000
Total transfer taxes collected (\$000)	64,660	80,898	86,157	78,590	108,810	93,980
Total recordation taxes collected (\$000) ^c	37,721	51,187	83,426	62,550	110,810	60,090
Inputs:						
Personnel expenditures for Transfer Tax/Public Advocate (\$000) ^d	454	421	493	564	526	661
Workyears for Transfer Tax/Public Advocate ^d	7.0	7.5	7.5	7.5	7.5	7.5
Personnel expenditures for Recordation Tax (\$000) ^{c,d}	11	513	477	448	535	423
Workyears for Recordation Tax ^{c,d}	0.6	7.0	7.0	7.1	7.1	7.1

Notes:

^aThe FY02 through FY04 actuals have decreased as a result of a change in State law that prevents the County from filing mid-assessment cycle appeals. As a result, only one third of those properties whose assessments the County might otherwise appeal may be appealed, and any award in the County's favor is subject to being phased in over three years and is subject to a maximum 10 percent increase after the first year. The FY03 actuals exceeded the budget due to processing a significant backlog of cases. The FY04 actuals are below budget because 140 cases are still pending hearings at the Property Tax Assessment Appeals Board. There were very few appeals of (uncapped) commercial property assessments due to the State Department of Assessment and Taxation's careful analyses of commercial sales. Since the appeals filed were primarily of residential property assessments, the effects of the caps and the phase-ins were accentuated.

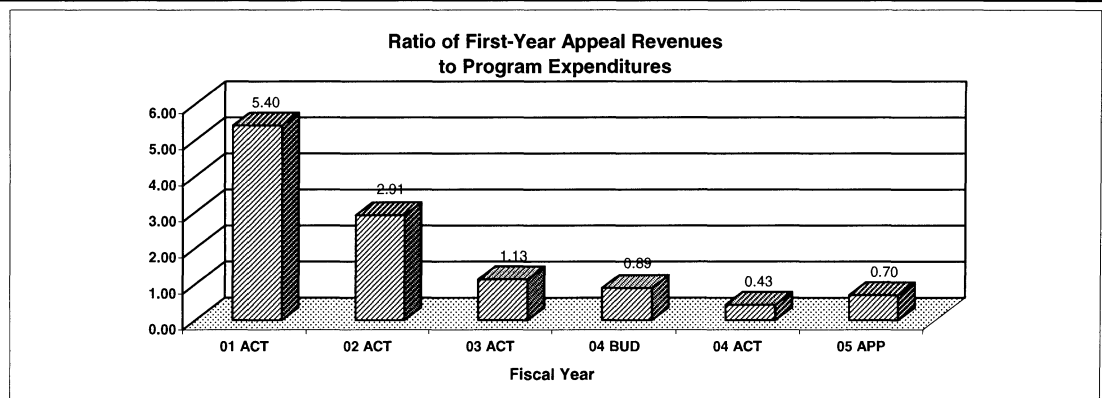
^bFY01 actuals for simple deeds processed in one day fell short because of staffing difficulties. FY02 through FY04 actuals are down because of the impacts that the large volume and increased complexity of recordation tax transactions are having on overall program productivity (recordation tax transactions were processed by the State until FY02).

^cBeginning in FY02, the County assumed responsibility for collection of the Recordation Tax, which was formerly performed by the Clerk of the Circuit Court in exchange for a three percent administrative fee. Recordation Taxes collected through FY01 reflect the net amount after accounting for the three percent fee, while FY02 through FY04 reflect the gross Recordation Taxes collected. The FY02 actual reflects higher than expected recordation tax receipts due to a larger than expected number of refinancing transactions. The FY03 and FY04 actuals reflect the higher recordation tax rate to fund education initiatives and a larger than expected number of refinancing transactions. The FY05 budget is down because FY04 was a record-setting year which is not expected to be repeated due to the substantial drop that is expected in refinancings in the wake of fairly steady or slowly rising interest rates, and a slight slowdown in housing sales because many owners made their move while the interest rates were very low.

^dProgram expenditures include only personnel costs. Operating expenses are included under Administration. FY01 - FY05 reflect budgeted workyears. Staff for the recordation tax were hired in June 2001 to begin training for a July 2, 2001 start date, so FY01 reflects only one month of expenses. Beginning in FY02, the budget reflects an increase in personnel hired for collecting the recordation tax.

EXPLANATION:

The Public Advocate portion of this program monitors property tax assessments determined by the State Department of Assessments and Taxation. The County appeals assessments that, due to the State's valuation, may impose an unfair burden on other taxpayers. Since FY02, a change in State law has limited revenues from successful Public Advocate appeals.



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: State Department of Assessments and Taxation.

MAJOR RELATED PLANS AND GUIDELINES: Annotated Code of Maryland: Tax-Property Article.

FINANCE

PROGRAM:

Treasury Operations

PROGRAM ELEMENT:

Cashiering Section

PROGRAM MISSION:

Timely, accurate, and efficient management of the County cashiering function

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY01 ACTUAL	FY02 ACTUAL	FY03 ACTUAL	FY04 BUDGET	FY04 ACTUAL	FY05 APPROVED
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Outcomes/Results:

Revenue per cashier transaction (\$)	17,467	25,118	33,232	20,000	36,376	20,000
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Service Quality:

Percentage of cashier transactions that were accurate	NA	NA	98.5	99.9	99.7	99.9
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Average time to process a cashier transaction (days)	NA	NA	1.6	1.0	1.4	1.7
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Efficiency:

Cashier transactions per workyear (000)	39.8	30.9	25.9	27.5	23.8	27.5
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Cost per cashier transaction (\$)	1.21	1.51	1.75	1.76	2.14	1.92
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Workload/Outputs:

Number of cashier transactions (000)	159.4	123.7	103.4	110.0	95.1	110.0
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Inputs:

Personnel expenditures (\$000) ^a	192	187	181	193	203	^b 211
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Cashier workyears ^a	4.0	4.0	4.0	4.0	4.0	4.0
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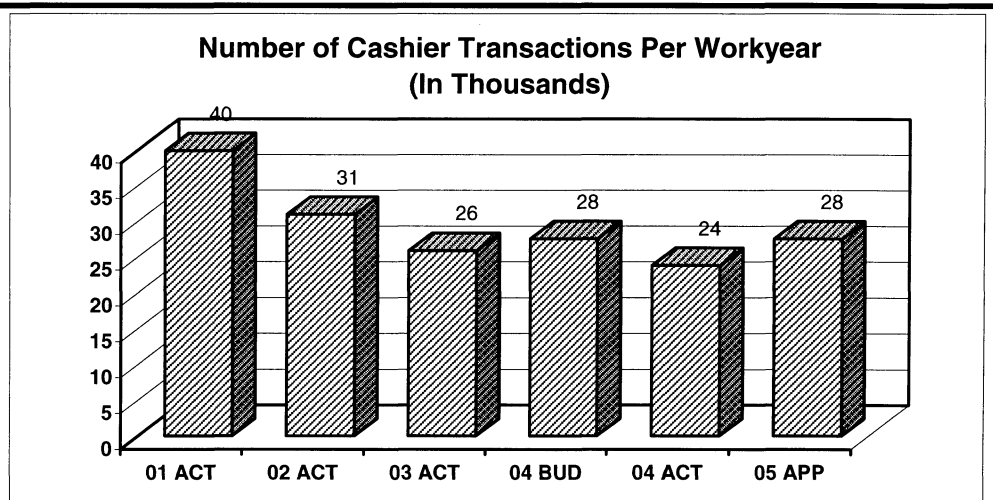
Notes:

^aPersonnel expenditures reflect only the cost of cashiers. Operating expenses are included under Administration. FY01 through FY05 correspond to budgeted workyears for cashiers.

^bThe FY05 expenditure figure is a gross amount that includes chargebacks to other departments and salary lapse.

EXPLANATION:

Cashier transactions deal with everything from tax-related revenues (transfer taxes, property taxes, tax sales, etc.) to business licenses, permits, parking tickets, and red light citations. The number of cashier transactions declined in FY03 because of the transfer of responsibility for parking violations.



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: County departments and agencies that generate revenues.

MAJOR RELATED PLANS AND GUIDELINES: Montgomery County Code.